

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

c7Ag
op. 3

OCT 17 1955

DEPARTMENT OF AGRICULTURE OCTOBER 1955

Volume 39, Number 10

Agricultural Situation

Agricultural Marketing Service
U. S. Department of Agriculture

In This Issue

	Page
Outlook Briefs -----	3
How Many Cotton Bolls in a Shirt -----	4
"Bert" Newell's Letter -----	6
Wheat Trends -----	7
Dairy Situation -----	8
Potato Diversion -----	9
What Came First, Chicken or Egg -----	10
Farm Income -----	11
Fats and Oils Outlook -----	12
Laemophloeus -----	13
Milk Cans vs. Tanks -----	14
Plentiful Foods -----	16

FEED GRAINS TO TOP RECORD

The 1955-56 supplies of each of the four feed grains are expected to be the largest on record, due to combinations of high yields, record carryover stocks, and large acreages of oats, barley, and sorghum grains.

The carryover of feed grains into 1955-56 is expected to total about 40 million tons, 8 million tons larger than last year. Carryover stocks have increased in each of the last 3 years and the 1955 total is nearly double the 20 million tons on hand in 1952. Stocks of feed grains owned by CCC or under loan increased from about 9 million tons in 1952 to nearly 30 million tons in 1955, accounting for all of the increase in total stocks. Privately held stocks totaled between 9 and 11 million tons in each of the 4 years.

Supplies of feed grains this year are much better distributed by areas than in any of the past 3 years. Last year supplies were large in the Corn Belt, but in most of the Southern States drought severely curtailed growth of corn and hay.

This year, production of feed grains was 15 percent above the 1949-53 average in the East North Central region, but a little below average in the West North Central region. Total produc-

tion for the North Central region is slightly larger than in 1954 and about 4 percent above the 1949-53 average. Record carryover stocks are on hand in this area and total supplies are very large for the fourth consecutive year. This region contains a major portion of the estimated 30 million tons of feed grains in the national carryover that is under loan or owned by CCC.

Southern Crop Gains

In the Southern States, supplies are the largest since 1950 and much larger than in any of the past 4 years when droughts have curtailed production of corn and sorghums.

Total feed grain production in the South Atlantic region is 37 percent larger than in 1954, with practically all of the increase in corn. In the South Central region, larger corn and sorghum grain crops resulted in a 32-percent increase in feed grain production.

The total supply of feed grains and other concentrates for 1955-56 is estimated at 195 million tons, on the basis of September 1 indications. This is 15 million tons more than the previous record supply of last year and more than 20 million tons above the 1949-53 average.

The number of livestock on farms is expected to increase in 1955-56 to around 178 million grain-consuming animal units, 2 percent over 1954-55. This would be a peacetime record, but 8 percent below the World War II peak. Allowing for this expected increase in the number of livestock on farms, the estimated supply per animal unit is 1.10 tons. This also would be the largest on record and 8 percent above the 1949-53 average.

If the rate of feeding per animal unit is about the same as the 1949-53 average, around 134 million tons of feed

grains and other concentrates would be fed to livestock during the 1955-56 feeding season. This is about 11 million tons more than the estimated quantity fed in 1954-55, when the rate of feeding per animal unit dropped well below the average of recent years.

The larger supplies and lower prices of feed grains this year are expected to contribute to more liberal feeding than in 1954-55. The quantity of feed grains used for seed, food, industry, and export is expected to total around 18.5 million tons, a little larger than in the past few years, reflecting prospects for heavier exports.

Record Carryover

This would give a total disappearance of feed grains and other concentrates of around 152 million tons, considerably more than in recent years and about 5 percent above the average. With this level of disappearance, the carryover stocks at the end of the 1955-56 season would total a little above the record carryover of about 40 million tons this year.

A record production of soybean cake and meal is in prospect for 1955-56, which probably will mean some overall increase in the total supply of high-protein feeds. The combined supply of high-protein feeds for 1955-56, based on September indications, will total close to 12.0 million tons. This would be nearly 5 percent larger than in 1954-55 and a little above the previous high.

In relation to the increasing number of livestock consuming these feeds, the expected supply is slightly larger than for the current season, but would be only about equal to the average of recent years.

Malcolm Clough

Agricultural Economics Division, AMS

The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.

The Agricultural Situation is a monthly publication of the Agricultural Marketing Service, United States Department of Agriculture, Washington, D. C. The printing of this publication has been approved by the Director of the Bureau of the Budget (January 20, 1955). Single copy 5 cents, subscription price 50 cents a year, foreign 70 cents, payable in cash or money order to the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

Outlook

Outlook

Crop output this year is likely to total the second largest of record despite the deterioration of crop prospects during August. But with the record output of livestock products, combined production of farm products in 1955 may total about 3 percent above the record outturn of 1954.

Livestock

Seasonally large marketings of meat animals and a continued abundance of meat will dominate the livestock situation for the rest of the year. Hog slaughter during the rest of 1955 will probably be a tenth or more higher than a year earlier. Hog prices probably will trend downward seasonally and will remain well below last fall. Marketings of fed cattle this fall probably will continue above last year. Marketings of grass cattle are expected to be about the same or a little above a year ago. Not much change in feeder prices is in prospect.

Dairy

Price relations are generally more favorable to dairying than a year ago and may lead to some expansion in milk production by late 1955 or early 1956.

Poultry

Broiler prices have been above a year ago, despite higher production, which is running about 15 percent above a year earlier.

Fats and Oils

Supplies of food fats in the marketing year beginning October 1, 1955, will be about as large as the year before. Increased output will offset a sharp reduction in beginning stocks. More soybean oil and lard and less cottonseed oil will be produced. Peanut production is up 65 percent from the small crop of a year ago.

Feed

Plenty of feed will be on hand for the 1955-56 season, despite sharp cuts

in the corn and sorghum crops caused by drought. Supplies of each of the 4 feed grains—production plus carry-over—will be the highest on record according to September 1 conditions. Together, they will total about a tenth above last year's record supply.

Wheat

Peak movement of the wheat crop has passed and prices have strengthened. The total 1955 crop is about 6 percent smaller than last year, but total supplies for the new marketing year are estimated at a record 1,941 million bushels, 65 million above last year.

Fruit

Heavy marketings from increased supplies of fruit since midsummer have lowered the prices received by growers. Early fall prices are likely to continue lower than the unusually high level of a year earlier.

Vegetables

Producers of fresh vegetables can look for this fall's prices to average at least equal to those received last fall. Demand is firm and output of the important crops is expected to be 7 percent smaller. With potato supplies likely to be up, prices received by growers are expected to continue below those of last fall and winter.

Cotton

The U. S. supply of cotton for the 1955-56 marketing year is estimated at 24 million bales, the largest since 1939-40. The carryover this year totaled 11.1 million bales, about 1.4 million above a year earlier.

Tobacco

Supplies of flue-cured tobacco for 1955-56 are a record, while the burley supply is only a little below 1954-55 high. Disappearance of both types is expected to be larger than in the 1954-55 season. Sales for foreign currency will boost flue-cured exports.

HOW MANY COTTON BOLLS IN A SHIRT?

What is the largest city in any cotton producing State? How many cotton bolls make a good white shirt? Like making a cotton forecast, the answers are not obvious.

Yes, cotton has many oddities, especially from the forecasting standpoint. Cotton is grown from the Atlantic to the Pacific, from Cape Henry to the Golden Gate, stretching south to San Diego, Brownsville, and almost to Miami.

Cotton fields are scattered in some sections, highly concentrated in other regions, and there is no cotton at all in large areas. It's grown at sea level and on the High Plains, with practically no rain in deserts and as much as 60 inches in places, with almost unlimited frost-free days and sunshine, and in short growing seasons with the size of the harvest dependent on date of the first frost.

From Coast to Coast

This year's acreage is equivalent to a strip about 9 miles wide and 3,000 miles long, stretching from coast to coast. Those are mighty long rows of cotton but not as long as a grassy row seems to the boy leaning on his hoe gazing toward the other end of the field. (Editor's note: The author is thinking about himself when he was leaning on that hoe in North Carolina.)

The end of the row is not clear to the experienced farmer either when it comes to estimating production. Many detours loom up along the way from planting to ginning. Planted early to get ahead of boll weevil and to mature before cool weather, cotton is very vulnerable to weather conditions during the early growing season. Showers crust soils in irrigated areas and seedlings can't come through. Seed won't sprout in dry soil, yet cold rains rot the seed. Grass and weeds germinate, but not the cotton.

Then, it's replanting for the farmer—abandonment problems for the statisticians. What is the acreage in cultivation on July 1 when the seed on several hundred thousand acres in Texas lie in the dust?



The weather warms up and cotton grows beautifully, but few squares are set. (The triangular-shaped fruiting bud is called a square.) Insects have stung the tiny buds, and there are blank nodes instead of fruit. Additional squares are set as fruiting limbs increase in length, and new limbs emerge as plants grow higher. Favorable weather and no "ifs" in the picture would continue this process until frost, with open bolls on the lower limbs and squares on the tips of the branches. It takes 3 weeks from tiny square to bloom and about 50 days from bloom to open boll.

Plants are loaded with squares, blooms, small bolls, and some large bolls. Prospects are wonderful. Don't count your money yet. Shedding, the ability of the plant to throw off squares and small bolls, is yet to be reckoned with. Then there is cotton enemy No. 1, the boll weevil, honored by a monument in Alabama but wanted more dead than alive by cotton farmers. Boll weevils, boll worms, and boll rot can take a heavy toll. The yield may be disappointing and the forecast decreased.

Forecast May Change

At another time, drought and hot weather are bearing down. Corn is burning up and pastures are brown. Cotton plants are small and are blooming in the top. Prospects are dismal. Don't count the crop out; chances are farmers will harvest more than they expect. The forecast could go up.

Yes, cotton has many oddities. The plants set fruit, but we pick cotton—a fiber. Cotton is called King, but is it a

Benevolent King because it promises so little and gives so much, or a Dictator because it promises so much and gives so little?

The sharp upward trend in yield per acre over the last few years is evidence that farmers are controlling some of the "ifs" in cotton production. Tractor power, seed treatment, irrigation, higher analysis fertilizers, improved insecticides and defoliants, new varieties, mechanical harvesters, and other new methods and procedures are removing some of the "ifs." Nothing is being done about the weather, but we do have forecasts, even long range.

While revolutionary changes have

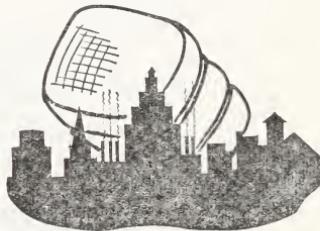
been taking place in producing cotton, our statisticians have been studying ways and means of improving cotton forecasts. More about that in another edition of the Agricultural Situation.

That largest city—it's Chicago. Somewhat of a detour along the main cotton route, but cotton grows in Illinois too.

And, for the number of bolls—it takes about 200 cotton bolls to make a good white shirt. That's figuring about three-fourths of one pound of lint cotton per shirt.

J. H. Morgan
Cotton Statistician
Crop Reporting Board, AMS

CROP OF CITY COTTON COUNTS



Did you ever think about a city making a crop of cotton? And how does this "city slicker" cotton fit into the general supply of cotton?

Of course, you cotton farmers know that a city crop of cotton consists of rebaled samples and pickings from cotton damaged by weather and fire.

But did you ever stop to think that the estimated city crop might total more bales of cotton than is produced in Florida, Illinois, Kansas, Kentucky, and Nevada?

Then, you might cut it short and say, those States don't produce much cotton. And that the city crop isn't a drop in a cotton bag as compared with the estimated crop this year.

Fact is, you would be absolutely right. The city crop is estimated at around 40,000 bales.

But, in estimating cotton production, supply and carryover, all items—even city cotton and a small amount of imported cotton—must be considered.

The supply of cotton in the United States for the 1955-56 crop year is estimated at around 24 million bales. This is the fifth consecutive year in

which supply has increased over a year earlier. It is second only to the record supply of 24.6 million bales in 1939-40.

The 1955-56 supply includes a beginning carryover of 11.1 million running bales as reported by the Bureau of the Census, an estimate of net imports of 150,000 bales, an estimated city crop of 40,000 bales, and the 1955 cotton crop indicated as of September 1 to be 12.8 million bales.

Preliminary information indicates a disappearance in 1955-56 which may approach 13 million bales. If these estimates hold, the carryover of cotton on August 1, 1956, will be close to the 11.1 million bales carryover on August 1, 1955.

The Secretary of Agriculture announced on August 12 that no basic change in the U. S. cotton export policy is in prospect for the 1955-56 season. But after January 1, 1956, the CCC may gradually offer for export sale not more than a million bales of the lower quality short-staple stocks in its inventory on an open competitive bid basis.

"Bert" Newell's Letter

To Crop and Livestock Reporters

I went to Hawaii last month to go over the plans for establishing our new office and to learn something about the agriculture in that fabulous country that to most of us meant Pearl Harbor, grass huts, and young ladies cavorting in the skirts fashioned from the material left over after the grass huts were completed.

I was all over the four larger islands and I saw only 2 or 3 grass houses, 1 in the museum and a couple used for decorative purposes. Yes, I saw some lovely ladies with grass skirts who performed as a part of what we would call a folk festival.

I think you would be interested in this part of our United States. Hawaii is a beautiful country, the folks are very hospitable and are just as much interested in the doings on the mainland as you or your neighbors. I was able to spend only 2 weeks visiting the islands, and I am not foolish enough to think I am qualified to write a lot about it. Anyway, I can pass on a few things that interested me.

Did you know that the second largest livestock ranch in the United States is on the island of Hawaii? I was on that ranch (the Parker Ranch) and believe me it is some layout. Beef (Hereford) mostly. Maybe you didn't realize that livestock ranks next to sugar and pineapples as the principal agricultural enterprise of the Hawaiian Islands. Fruits and vegetables, coffee, Macadamia nuts, some rice, and passion fruit are other important enterprises.

I was told an 8-acre vegetable farm was a good-sized operation. That didn't sound right until I saw how it was farmed. With no seasons, they just plant 1 crop after another. So 8 acres, cropped 3 and sometimes 4 times a year, means a farmer with 8 acres actually raises 24 to 32 acres of truck

crops in a year. According to figures we have available, there are about 14,000 acres used for truck crops, but you had better multiply that by 3 if you want to compare it with acreage of crops grown.

The farmers are very much interested in the opening of the new office of Agricultural Statistician. The office will be at the University of Hawaii in Honolulu and operated in cooperation with the Extension Service. In my travels through the country, I lost track of how many farmers I talked with, because there were so many. They were all most friendly and very cooperative in supplying information. We got into a lot of markets, too, and the farmers' cooperatives in particular were anxious to get all the information they could on supplies, etc.

Well, I could go on for a long time on this subject but for now I thought you would be interested in these few observations. It was most interesting to me to see how enthusiastic the farmers and all the other folk were over getting a crop and livestock reporting service like we have on the mainland. It is going to be a real interesting office and I'll tell you more about it as the service gets organized.

Of course, all this friendliness and enthusiasm which I experienced on the islands is just what we're used to in working with all you crop and livestock reporters in the 48 States.

We will soon have a little larger "family" of voluntary public-spirited farmers and ranchers who help themselves and others by providing important information on the questionnaires your State Statistician mails you.



S. R. Newell
Chairman, Crop Reporting Board, AMS

We're Too Light On Bread

Wheat consumption per person in the United States has been declining during the past 50 years, and undoubtedly much longer. However, with the increased population, the total quantity now used is about the same as it was 50 years ago.

The per capita consumption in 1954 averaged 177 pounds, and 173 pounds is estimated for 1955, down nearly half from the 310 pounds in 1909, the first year shown in the series. In the last 8 years, the decline has averaged two and one-half pounds per year.

The total consumption of wheat for food in 1954 was 475 million bushels, the same as in 1909. The estimate for 1955 is 474 million bushels.

The long-time decline in the per capita consumption of wheat has been accompanied by the increasing emphasis on a greater variety of foods in the American diet. Less bread, potatoes, and corn meal are being consumed, but

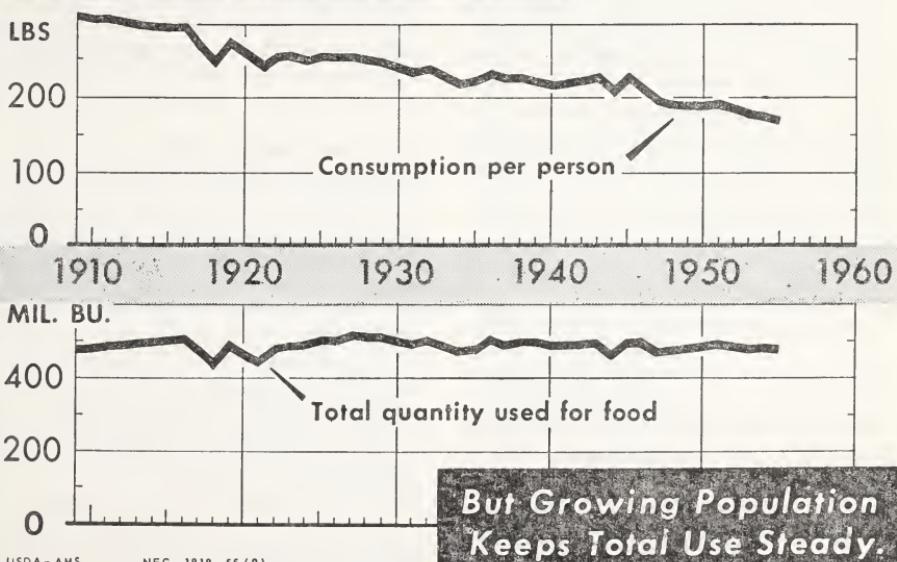
much more processed vegetables and processed fruit, poultry and eggs, and some dairy products.

This change in the makeup of the average American diet is due to many factors, among which are increased consumer purchasing power, greater availability of fruits and vegetables and other items, and increased knowledge of the nutritional importance of various foods in the balanced diet.

With the total consumption of wheat showing no increase in the United States, it is necessary to place greater emphasis on maintaining a large export market to dispose of our large wheat supplies. If we still had the 1909 per capita consumption, our present population would take about 375 million bushels of wheat a year more than the 474 million bushels it does now.

Robert E. Post
Agricultural Economics Division, AMS

Wheat Consumption Per Person Continues Long-Time Decline



DAIRY FARMERS WILL WELCOME THESE FAVORABLE FIGURES

Although "statistics" has a pretty dull sound to most of us, dairy farmers can find a number of favorable items among the dairy facts and figures this fall.

For the first 8 months of 1955, farmers' cash receipts from dairy products totaled 2.8 billion dollars, about 1 percent more than in January-August 1954. This compares with a drop of 6 percent in receipts from all livestock and livestock products and a decline of 4 percent for all farm products.

Dairy Prices Up

Dairy products are one of the few groups of farm commodities that are bringing farmers higher prices now than a year ago. The other groups are poultry and eggs, vegetables, and tobacco.

Farmers' prices for all farm products in August were 6 percent lower than a year earlier, but for their dairy products farmers got prices 2 percent higher. In fact, prices for milk and butterfat have been a little above a year earlier from April through August this year. For 1955 as a whole, dairy prices are likely to average slightly above 1954, although somewhat below 1953.

One reason dairy prices have improved is that a larger share of the milk is being used in fluid outlets. This use brings higher prices than milk sold for manufacturing. The proportion of milk used in fluid outlets has been higher this year than in either 1953 or 1954.

Then, the share of milk used in manufacturing has dropped slightly from 1953 and 1954. In the first 6 months of 1955, about 46 percent of the milk produced was used in factory production, compared with 47 percent in the 2 preceding years.

People have been drinking more milk and eating more of most other dairy products. In 1953, each person used

only 688 pounds milk equivalent of all products—the smallest amount since as far back as we have estimates—1924. Consumption of dairy products turned upward in 1954 after several years of decline and per capita consumption averaged about 700 pounds. In 1955, we can look for consumption of milk products per person to be slightly over 700 pounds.

Americans began buying more dairy products in 1954 for several reasons. For one thing, retail prices went down slightly when supports were reduced in April 1954. Another reason was that consumer incomes started to rise in the last quarter of 1954, and people were able to afford more of these desirable foods.

Increased consumption of fluid milk, butter, and cheese was also aided by programs that were financed in whole or in part by the Federal Government. The Government has disposed of its stocks of dairy products faster than it has bought them, mainly by providing more to users here and abroad. Commodity Credit Corporation stocks are less than half as large as they were a year ago and by the end of this marketing year may be smaller than at any time since early 1953.

Everybody Needs Milk

The dairy industry has made great efforts in helping itself by widespread promotional campaigns to get people to drink more milk, to eat more butter and cheese, and to use milk processed into handy and economical forms. Advertisers stress the fact that people of all ages need milk to keep healthy. In many offices and public buildings vending machines make it easy for workers, travelers, and others to buy sweet milk, buttermilk, and flavored milk drinks.

According to the best estimates we have, Americans consumed substantially more butter and cheese in the

POTATO GROWERS

WILL GET HELP

first quarter of 1955 than a year earlier. For the year ending March 1955, we used 6 percent more butter and 10 percent more American cheese than a year earlier. Since then, we are not sure about the trend. But the figures we have indicate that the consumption of fluid milk has continued large, although there were usual seasonal decreases in the summer.

Fewer Milk Cows

The number of milk cows on farms turned downward in the year ending in June after increasing in each of the two preceding years. There were several reasons for this decrease—prices for dairy products were generally lower than a year earlier up through March 1955, supplies of milk exceeded current fluid needs, and serious drought in many parts of the country in 1954 had increased costs of milk production.

But several factors may tend to halt the decline in milk cow numbers. Lower prices for feed and slightly higher prices for milk make milk production relatively more favorable than a year earlier and compared with other livestock products. Farmers have large supplies of feed.

More Milk?

With both prices and consumption higher, production of milk in the rest of 1955 may total more than a year earlier. Record supplies of feed concentrates and roughages are in prospect, so it is likely that farmers will increase their output of most livestock products. As dairy prices are more favorable than prices for beef cattle and hogs, compared with other recent years, farmers may produce more milk. The rate of milk production per cow is likely to continue higher than a year earlier and there might be an upturn in numbers of milk cows in the next 12 to 18 months.

Herbert C. Kriesel
Agricultural Economics Division, AMS

The potato industry has recommended that only good quality potatoes be supplied to the commercial market, and the remainder be diverted to starch, feed, and flour.

Secretary of Agriculture Ezra Taft Benson has announced that the Department will assist the industry in such a program to dispose of supplies of 1955-crop potatoes in excess of market requirements.

This potato diversion program will be an industry responsibility, the Secretary said. Following industry recommendations, it will be made available only in those States or areas which submit a satisfactory marketing plan for their potatoes, including the diversion of cull and low quality potatoes.

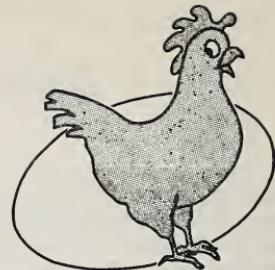
Rates of Payment

In those States or areas where the potato industry develops and operates an approved plan, the Department will assist by making payments for diversion of potatoes into starch, feed, or flour. Payments for diversion will be 50 cents per hundredweight for 1955-crop potatoes until December 31, 1955; 40 cents per hundredweight through March 31, 1956; and 30 cents per hundredweight during the remainder of the season but not later than June 30, 1956.

Any potatoes utilized for feed must be cut, chopped, or sliced in order to qualify. Payments will be made only for potatoes which are a minimum of 2 inches in diameter and are of U. S. No. 2 or better quality.

The program will be locally administered through the State and County Agricultural Stabilization and Conservation Committees.

WHICH CAME FIRST THE CHICKEN OR THE EGG?



"And God created every winged fowl after his kind; and God saw that it was good"

It really doesn't matter which came first, the chicken or the egg, now that this combined business brings farmers more than \$4 billion a year.

The main concern nowadays is for poultrymen to keep up to date on marketing news that will help them get a fair return for their investment.

The Agricultural Marketing Service of the United States Department of Agriculture collects and distributes a great deal of current information which assists poultry producers in determining when to sell their products.

How Many Chicks?

For example, take the broiler chick reports. These reports, issued weekly, indicate the number of eggs set, chicks hatched, and chicks placed on farms for broiler production purposes in each of the major production areas.

A commercial broiler producer can take these reports and estimate rather accurately the number of broilers that will be ready for market from 9 to 12 weeks in advance.

And, by comparing the information with similar data for earlier months, he can obtain some indication of the probable direction of prices in the weeks ahead.

Next are the daily market reports. These reports give daily market quotations of prices received by producers in the major production areas. They indicate the condition of the markets—that is, whether they are weak, steady, or firm—the demand for various classes of poultry, supply conditions,

and other information on the general market situation.

Major Poultry Markets

The market reports also give wholesale prices for different classes of live and processed chickens at the major poultry markets.

During the turkey marketing season, the reports list wholesale turkey prices (live and processed), and a few of them list producer prices and give comments on market conditions.

Then there are the cold storage reports. These reports indicate the total quantities of poultry in cold storage on the first of each month. Quantities of broilers or fryers, hens, roasters, turkeys, and ducks are listed separately. The size of the month-to-month changes in these figures, as well as the total quantities held, materially influences poultry prices currently and from one year to the next.

And next are some very important reports—the crop production reports. These give a monthly inventory of the number of layers and young chickens on farms. Since much chicken meat is produced as a byproduct of the production of eggs, the number of chickens on farms is indicative of the quantity of meat that can be expected from this source.

Then, the hatchery production reports indicate the number of chicks hatched in the commercial hatcheries in the United States. Any change in the number of chicks hatched reflects the number of chickens which will later be sold by farmers. Also of importance

is the rate of monthly hatching. A relatively high rate of hatch early in the spring indicates an early fall production of eggs, which in turn will likely mean an earlier-than-usual movement of old hens off farms.

The intentions reports are always important to watch. Early each year, farmers are asked by the Crop Reporting Service how many chickens and turkeys they plan to raise during the current year.

Although it seldom happens that producers raise exactly the number they state on the questionnaire, the intentions reports do indicate rather accurately whether production will be up or down, and in general, how much.

The intentions reports also indicate in general the size of poultry meat supplies in the coming months. Since total supplies influence prices, these reports should be carefully considered by poultrymen.

Any business has to look to the future. And so it is with poultrymen.

The poultry and egg situation reports summarize the information on production, stocks, prices, and demand. They should be considered in evaluating the current and prospective poultry situation.

Then there are the demand and price situation reports. These reports deal with such information as production of durable and nondurable goods, wholesale food price levels, employment, and the level of personal income, in addition to brief outlooks on commodities.

Although some of the information in the demand and price situation reports may not appear to be of interest to poultry producers, actually it is of great importance in determining the prices they receive.

The relation between how much people have to spend and how much they spend on poultry meat is rather consistent. What people have to spend is, in turn, closely related to the number employed and the level of wages.

FARM INCOME BRIEFS

Farmers' realized net income in the first half of 1955 was at an annual rate of about 11.1 billion dollars. This was slightly higher than the rate during the second half of 1954, but was down from the 11.6 billion dollars for the full year 1954. Net income declined in the second, third, and fourth quarters of 1954, recovered temporarily in the first quarter of 1955, and then declined again in the second quarter of 1955.

Judging from preliminary data for July and August only, realized net income will probably decline somewhat further in the third quarter of 1955. Production expenses may drop off a little, but gross income is likely to decline considerably more than expenses.

Farmers received about 16.7 billion dollars from marketings in the first 8

months of 1955, 4 percent less than in the same period last year. The total volume of marketings was a little larger than last year, but prices averaged lower. Most of the decline from last year was due to lower prices for hogs.

Livestock and livestock products brought farmers about 10.4 billion dollars in the 8-month period, 6 percent less than last year. Receipts from sales of meat animals were down 11 percent, practically unchanged for poultry and eggs, and up about 1 percent for dairy products.

Crop receipts in the 8-month period totaled about 6.3 billion dollars, only 1 percent less than last year. Marketings were down about 2 percent, more than offsetting slightly higher prices.

COTTONSEED OIL OUTPUT DECREASES AS LARD AND SOYBEAN OIL GAIN

More soybean oil and lard will be produced since the 1955 soybean crop is the largest of record¹ and the slaughter of hogs is increasing. However, cottonseed oil production will be down because of the estimated 7-percent reduction in the 1955 cotton crop.

Prices received by farmers for 1955-crop cottonseed probably will average above the CCC purchase price of \$42 per ton, basis grade (100), but less than the \$60 received for the 1954 crop. Prices of cottonseed oil and meal are down from a year ago and are expected to continue lower than a year ago at least through the winter.

Total tenders of 1954 crop cottonseed oil amounted to 226 million pounds, 13 percent of the oil produced. Comparable data for the 1951-53 crops are as follows: 1954—136 million, 8 percent; 1952—874 million, 49 percent; and 1953—384 million, 19 percent.

Large supplies of linters, the third important commodity obtained from cottonseed, and competition from woodpulp and felting materials have caused linter prices to decline sharply since 1950.

Prices for 1954 crop linters were the lowest since 1939 and appear to have encouraged some pickup in consumption. Prices for most grades are now near a year ago and are expected to average close to last year's level.

Plenty of Peanuts

Production of peanuts is up 65 percent from the small crop of 1954 and supplies in 1955-56 again will be plentiful in contrast with the year before. However, CCC will acquire a substantial quantity and prices are likely to average near the support program loan value.

The loan value of peanuts is the support price less charges for storage,

¹ Forecasts for 1955-56 are based on the September crop report.

inspection and grading, and for expenses of the cooperatives that market the peanuts. The national average support price for all types is 12.2 cents per pound.

Commercial flaxseed supplies in 1955-56 are estimated to be about 12 million bushels in excess of probable domestic use. Production is placed at 43 million bushels while domestic oil use may be equivalent to about 27 million bushels of flaxseed and about 4 million bushels will be needed for seed and feed.

Total disappearance of all food fats in October 1954-July 1955 increased greatly from a year before, while output was up only 1 percent. As a result, stocks on July 31, 1955, were down sharply from the year before. Large increases took place in both exports and domestic disappearance.

Sharp Rise in Lard

The 1-percent rise in production of food fats for the first 10 months of the 1954-55 crop year was accounted for mainly by a sharp rise in lard which more than offset declines in butter and edible oils.

Farmers raised more hogs in 1954 and hog slaughter increased. Also, yields of lard per animal killed were higher. Butter production was down 8 percent. Milk output remained about the same as a year earlier but a larger percentage was consumed in the form of fluid milk.

Output of edible vegetable oils was down slightly from a year before because reduced output of cottonseed oil more than counterbalanced an increase in soybean oil. Controls on cotton in 1954 were reflected in a smaller crop, while farmers harvested more soybeans than in any other period.

Sidney Gershben
Agricultural Economics Division, AMS

Laemophloeus pusillus

Plodia interpunctella

Sound bad, don't they? Fact is, these long technical names mean more to farmers and seedsmen who store seed if we call them the flat grain beetle and the Indian-meal moth.

As you farmers and seed dealers well know, insects crawl up to your dinner table of stored seed and help themselves to millions of dollars worth of your profits.

The protection of seed from insect attack is of great importance to the seedsman faced with the problem of preserving bulk seed until it can be packaged and surplus seed that must be carried over from one season to another.

Keep Moisture Low

Seed should be kept in a dormant condition if its viability is to be preserved. High moisture content and high temperature speed up the life processes of seed. For this reason the basic requirement for the preservation of seed is low moisture. Low temperature is also helpful but not indispensable.

The factors that speed up the life processes of seed similarly affect the seed-infesting insects. Within certain limits, the higher the moisture content of the seed and the higher the temperature, the faster these insects reproduce. To preserve seed and protect it from insect attack during storage, keep it cool and dry.

Seed may become infested by insects in the field. However, most infestations result from storage in bins that have not been thoroughly cleaned or that are near sources of infestation. Prompt harvest, followed by drying if necessary, and storage in clean, insect-free, weatherproof premises are essential.

The rice weevil and the granary weevil, the most serious pests of stored

grains, cannot breed in seed with a moisture content of 8 percent or less, and they soon die if restricted to such seed for food.

Mites, which are not true insects but are usually classed with this group of seed pests, require food with a rather high moisture content; they are not troublesome in seed unless the moisture content is above 12 percent.

Moths such as the Indian-meal moth, the Mediterranean flour moth, and the almond moth, insects of the bran beetle type such as the saw-toothed grain beetle, and the flour beetles are capable of breeding in seed almost devoid of moisture. Flour beetles are not so troublesome in dry clean seed if it is free from broken kernels, since the young larvae find it difficult to attack the undamaged seed.

Watch Packaged Seed

Packaged seed that is carried over from one season to another is particularly susceptible to infestation by the Indian-meal moth. This moth, which is one of the most troublesome pests of stored seed, lays its eggs on or near packages. The caterpillars or "worms" that hatch from the eggs are exceedingly small and easily enter the packages at top corners where the gummed flap does not completely seal the package. The caterpillars "web up" the contents and when fully grown cut their way out through the sides of the package.

Prompt harvesting of seed will greatly reduce the opportunity for field infestation. Seed that has been in the field should be treated as soon as possible after harvest, to prevent further damage to the seed. Seed should be clean and should have as low a moisture content as possible.

For more detailed information on preventive measures, see your county agent.

MILK CANS VS. BULK TANKS

If you dairymen want to make your chores easier and at the same time perhaps get a premium price, then you'll be interested in the change from cans to bulk tanks.

A bulk tank is simply a refrigerated tank in which the warm milk from the cows is rapidly cooled and then kept cool until it is picked up by the hauler.

Bulk tanks have replaced the old milk can on at least 15 thousand of our dairy farms. Most of this growth has taken place since 1951, and the rapid increase continues.

Saves You Time

Bulk handling of milk eliminates the work of lifting heavy cans of milk. It may also mean actual savings in time. For one thing, the job of washing the cans at the farm—which is a requirement in some milksheds—is eliminated. This ordinarily takes considerably more time than cleaning a bulk tank.

Then, consider that a bulk tank would do away with various can-handling operations in the milkhouse and, on many farms, the moving of cans down the farm lane to a pickup point on the highway.

For example, on a 2-man unit, these savings in time might amount to as much as an hour each day—perhaps more on some farms, certainly less on others.

The important point here appears to be that although the saving of time may be significant on many farms, it is not likely to be large enough to permit much if any reduction in the labor force. The result is more likely to be a shorter working day or an increase in volume of business within the same length of day.

In any case, these possibilities—combined with the reduction in heavy lifting—should mean happier workers, and should make it easier to attract and hold the skilled workers needed on dairy farms.

Now, let's consider some other definite advantages of the bulk tank as compared with the cans. The loss of milk and butterfat because of stickage is ordinarily reduced by bulk handling as compared with handling cans.

The surface area of the container is much smaller per gallon of capacity in a bulk tank than in a 10-gallon can. The extent of this saving may vary from farm to farm, but it could easily be a 1-percent saving in milk, and even more in butterfat, as there is some evidence that fat tests are a little higher with bulk handling. Furthermore, the danger of loss from spillage and from incomplete drainage of containers is much reduced.

Next, let's take a look at the money angle. Many dairy farmers who have adopted bulk handling have received either a price premium or a reduced hauling charge, or both. The price premium usually ranges from 5 to 25 cents per hundredweight of milk, and the reduced hauling charge has nearly the same range.

The combined premium in a few situations has been as high as 40 cents per hundredweight but more commonly has been in the neighborhood of 10 to 15 cents. These premiums may not continue indefinitely but they have provided, and no doubt will continue to provide, an incentive for producers to shift from cans to bulk handling.

An additional advantage of bulk handling to farmers is that the sale is made at the farm. This means that the producer is not responsible for any milk loss that might occur after the milk leaves the farm. He can see the milk being measured and is given a weight receipt at each pickup.

More Accurate Tests

Thus, with bulk handling, the dairyman is provided with a current check on the volume of his sales. Furthermore, the samples for butterfat tests are taken from the tank in a way that should mean more accurate tests. It also gives the producer a chance to take a duplicate sample if he wishes.

But how do the advantages of bulk handling size up in relation to costs? So far as initial cost is concerned, a substantial investment is required today for either bulk-handling or can-handling facilities. At present, a 100-gallon bulk tank, which is the smallest

size in widespread use, usually costs from \$1,200 to \$1,800 installed.

If we assume the rather uneven seasonal production pattern that is typical of many fluid milk areas, a tank of this size is adequate for a herd of perhaps 15 average (6,000-pound) cows with every-other-day pickup or about 30 cows with every-day pickup.

Now, assuming the every-day pickup, which is typical, can-handling equipment for a 15-30 cow herd ordinarily costs considerably less even if new, and still less if used equipment is purchased.

A 300-gallon tank, suitable for about 50 average cows with every-other-day pickup or around 100 with daily pickup, costs from \$2,000 to \$3,000 today. Can-handling facilities for 100 cows cost roughly the same if new, much less if used.

So far as operating costs are concerned, the main out-of-pocket cost for either type of facility usually is electricity. Available evidence shows that most farmers can reasonably expect to use slightly less current with bulk handling than with can facilities.

However, on smaller farms this possible saving is overshadowed by the higher annual overhead cost of the bulk tank which results from the greater investment.

Of course, experience may show that the larger investment for the tanks is offset by longer life. Until further experience is available, about all we can do is to assume that the overhead costs—largely depreciation and inter-

est—may amount to the same percentage (say 10 to 12 percent) of the original investment for both types of equipment.

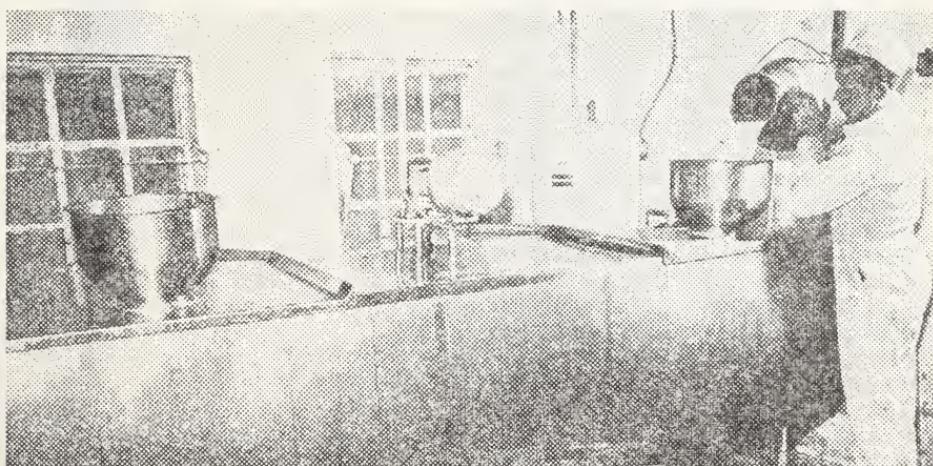
Aside from somewhat higher investment and annual costs, at least on the smaller dairy farms, a few other possible farm disadvantages of bulk handling have been recognized. Perhaps most important is the problem of controlling quality with respect to off-flavors.

An entire tank of milk can be lost by off-flavor milk from 1 cow. With cans, the loss might be much less. Apparently, however, this problem is not insurmountable. Usually it can be overcome by careful management. On most farms it is of consequence for only a month or so early in the pasture season.

So, it appears that most farmers who operate small- to medium-sized dairies are likely to find both investment and annual costs somewhat higher for bulk tanks as compared with can equipment. These higher costs plus other possible disadvantages should be weighed against the many advantages already mentioned.

In any case, once a producer has bought a bulk tank, his main concern is how to take full advantage of this new technique in milk handling. Bulk handling is one more step in the mechanization of dairy farming.

Merton S. Parsons
Production Economics Research
Branch, ARS



FARMERS' PRICES

Indexes (1910-14=100)	1954		1955			Septem- ber
	Septem- ber	Year (average)	June	July	August	
Prices received by farmers.....	246	249	243	237	233	235
Parity index (prices paid, interest, taxes, and wage rates)	280	281	282	281	279	278
Parity ratio.....	88	89	86	84	84	85

Farmer's share of consumer's food dollar—40 percent in July 1955; 43 percent in July 1954.

IT'S POTATOES, PORK AND RICE THIS MONTH

USDA will emphasize potatoes, pork, and rice this month in its Plentiful Foods Program.

The three farm commodities are featured on the Department's October Plentiful Foods List—a list prepared monthly to designate the foods that will receive merchandising assistance under the program.

Early marketing of the big spring pig crop (9 percent over last year) is expected to follow early farrowings. Good weather has resulted in a bumper crop of late potatoes. And this year's rice supplies are estimated at nearly one-third over normal requirements.

While the featured foods will receive special attention, a number of other commodities have been included on the October list—cheese and other dairy products, beef, broilers and fryers, grapes, vegetable fats and oils, lard, and canned tuna.

USDA will enlist the cooperation of the food trades—wholesalers, retailers, institutional feeders and others—in concentrating their October promotion efforts on these foods. Department informational and educational facilities will be used to encourage consumers to buy and use more of the plentiful commodities.

UNITED STATES
DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
WASHINGTON 25, D. C.

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300
(GPO)

OFFICIAL BUSINESS